

# Call for Proposals

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A review and synthesis of research and practice on measuring and valuing social capital for business decision-making and reporting

**Funding:** ZAR 250,000 (approx. USD 25,000) (unrestricted), including taxes

**Proposal Deadline:** 20 October 2013

**Project Deadline:** 30 September 2014

## A. Background and expectations

The Network for Business Sustainability: South Africa (NBS:SA) is an affiliate of the Network for Business Sustainability (NBS), a non-profit organisation founded in Canada in 2005. Through connecting visionary business leaders with global management scholars, NBS creates knowledge tools to enable positive change.<sup>1</sup>

NBS:SA bridges the research-practice gap in the South African context. It is a collaborative partnership between the Gordon Institute of Business Science (GIBS) at the University of Pretoria and the Graduate School of Business (GSB) at the University of Cape Town.

NBS:SA commissions research projects on themes identified by its Leadership Council<sup>2</sup> as vital challenges facing South African businesses. These projects have two objectives:

1. Inform sustainable business practice and policy by providing decision-makers with a synthesis of what is known and not known on the topic at hand based on the best available evidence and research; and
2. Facilitate the development of future business sustainability knowledge by describing the state of the existing body of literature and identifying important gaps and trends.

Through a review and synthesis of extant scholarly knowledge, these projects provide an opportunity for researchers to shape practice. If the priority themes identified by the NBS:SA Leadership Council have not received much dedicated scholarly attention, researchers are asked to go beyond a systematic review and include the perspectives of key informants in academia, business, government, or civil society. Leadership Council members also request researchers to include case studies that illustrate the concepts and practices discussed in the review, with an emphasis on innovative and inspiring practices.

The final deliverables are disseminated worldwide to researchers and managers through the NBS:SA and its partners.

Past NBS systematic reviews and the resulting executive reports are available on the NBS website. The purpose and process of developing these reviews is discussed by Bansal and

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<sup>1</sup> See <http://nbs.net>.

<sup>2</sup> The Leadership Council is a group of non-competing companies that help formulate NBS research priorities. They also serve as sounding boards and thought partners for NBS' research community.

colleagues,<sup>3</sup> and a guide to preparing systematic reviews is also available on the NBS website.<sup>4</sup> The systematic review should give rise to a framework or model that provides a creative link between the synthesised scholarly knowledge and decision-making needs of executives.

Note that previous NBS work has been on similar themes as this Call. One of the early NBS systematic reviews was on “Valuing Business Sustainability” and a 2011 review focused on “Measuring and Valuing Environmental Impacts.”<sup>5</sup> Related work is on-going by NBS Canada. While the past and current NBS work on related themes will need to be borne in mind by applicants, the following distinctive features of this particular project are significant:

- This Call focuses primarily on social capital, which has been given less attention than natural capital or environmental impacts. It does, however, include consideration of natural capital because of the inter-relationship between social and natural capital, and because important lessons for understanding social capital may be drawn from research and practice on natural capital;
- There have been important developments in recent years, which will need to be reflected systematically in the report. These include the emerging framework on Integrated Reporting currently being developed by the International Integrated Reporting Council;<sup>6</sup>
- This project will need to pay particular attention to the South African and southern African context.

## **B. Project description and key questions**

### **How can we measure and value social capital for business decision-making and reporting?**

Expectations are growing for companies to measure and report both internally and externally on their progress in achieving sustainability objectives. Internally, such reporting is a crucial aspect of informed decision-making and the longer-term process of continuous improvement towards enhanced sustainability performance. In addition, assessing likely impacts is often necessary for motivating investments as part of a firm’s sustainability strategy. Such investments often need to be supported on the basis of return on investment (ROI) and payback. More generally, managers are being asked to integrate sustainability considerations into ROI, net present value, or “value at stake” calculations that guide broader investment decisions.

Over and above these internal pressures for measuring and valuing sustainability issues, there are increasing expectations for more sophisticated and comparable public reporting. South Africa is the first country worldwide to make integrated reporting a requirement for listed companies. According to the International Integrated Reporting Council’s emerging framework, integrated reports will need to record how the company relies on and impacts six forms of “capital”: financial, manufactured, human, intellectual, social and natural.<sup>7</sup> From a sustainability perspective, there is a need for generating an improved, shared understanding of how to better account for social and natural capital, in particular. While natural capital has been the subject of increasing focus in recent years, less progress has been made in the measurement of social capital. There is thus a

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<sup>3</sup> Bansal, P., Bertels, S., Ewart, T., MacConnachie, P. and O’Brien, J. (2012). Bridging the research-practice gap. *Academy of Management Perspectives*, 26(1), 73-92.

<sup>4</sup> See <http://www.nbs.net/wp-content/uploads/Guide-to-NBS-Systematic-Reviews.pdf>.

<sup>5</sup> See Pelozo and Yachnin’s 2008 systematic review “Valuing Business Sustainability” (<http://nbs.net/wp-content/uploads/NBS-Systematic-Review-Valuing.pdf>) and Kaval’s 2011 systematic review “Measuring and Valuing Environmental Impacts” (<http://nbs.net/wp-content/uploads/NBS-Systematic-Review-Impacts1.pdf>)

<sup>6</sup> See <http://www.theiirc.org/consultationdraft2013>.

<sup>7</sup> See <http://www.theiirc.org/consultationdraft2013>.

need for practically relevant guidance on how to better assess the social capital “owned” by a company itself and the social capital among stakeholder groups that are impacted by the company, and how these stocks of social capital influence the company’s competitiveness and reputation.

Whether for internal or external purposes, important questions arise with regard to the extent and manner in which social capital can be measured and valued. This is not only because it is often not traded in a market. The complex interactions between companies’ value chains and their social-ecological contexts make such measurement fraught with difficulty. Many aspects of social capital are inherently intangible, and companies make use of risk assessment methodologies to place a value on social factors that affect their business strategies and operations.

Social and environmental values may be assessed in economic terms through proxies, such as contingent valuation. Leveraging insights and tools developed by environmental economists in the last 20 years, important progress is being made especially with regard to environmental impacts.<sup>8</sup> Such progress has been slower in the realm of social capital. How do we evaluate a firm’s impacts on neighbouring communities, and how can we assess the quality and value of its stakeholder relationships? This is all the more difficult given the complexity of assessing the risk likelihood or impact of serious breakdowns in such relationships.

It is also difficult to attribute social-ecological impacts to particular activities or actors, and to identify an appropriate discount rate for the inevitable long-term effects. Finally, different audiences have different demands for valuation; company internal actors often prioritise the financial impact on the firm, while societal stakeholders will have a broader framing of value. These various issues pose challenges to our understanding not only of how we can better measure and evaluate business impacts on social and environmental systems, but also whether indeed our current emphasis on quantifying such impacts is appropriate or helpful from the point of view of firm strategy or the public interest.

This project seeks to review and synthesize the existing body of knowledge on how companies can measure and evaluate their reliance and impacts on social capital. Researchers are expected to address some or all of the following questions:

- What are the various issues and categories that constitute the social capital that companies rely and impact upon?
- How can companies focus on those aspects of social capital within and outside the firm, which will have material impacts on competitiveness and reputation?
- How do assessments of social capital rely on other forms of capital? How do we respond to varying assumptions about interactions and substitutability between different forms of capital?
- What insights from research in sociology, economics and accounting can we draw upon in developing measures and reporting systems for social capital? What can we learn from our emerging understanding of measuring natural capital?
- What are the salient differences or tensions between different disciplines or stakeholder communities, such as investors or civil society, with regard to measuring social capital, and how can companies best respond to these differences?
- What are the emerging innovative practices that companies are developing in measuring and evaluating their reliance and impacts on social capital?
- How can scholarly research and innovative business practice respond to the challenges posed by the intangible and complex nature of social capital?

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<sup>8</sup> See, for instance, the efforts by Puma to report on its “Environmental Profit and Loss Account” ([http://about.puma.com/wp-content/themes/aboutPUMA\\_theme/financial-report/pdf/EPL080212final.pdf](http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf))

## C. Project outcome

The primary deliverables are as follows:

- An **executive report** that synthesises key findings of the research and highlights implications for decision-makers. It should include, if and as appropriate, the model or framework that synthesises extant knowledge for the purpose of decision-making.
- The **systematic review report**, which includes:
  - o The systematic review of the scholarly literature – this will constitute the bulk of the report;
  - o Discussion of the model, framework, or decision support tool that synthesises extant knowledge for the purpose of decision-making;
  - o If and as appropriate, a synthesis of findings from key informant interviews;
  - o Illustrative case studies; and
  - o Methods (in annex).

The systematic review should synthesise the body of evidence and identify gaps in the literature.<sup>9</sup> The synthesis should feature a framework, model, or decision support tool that provides a creative link between the synthesised scholarly knowledge and decision-making needs of executives. An example of this is the “culture wheel” developed by Bertels in her review on embedding sustainability into corporate culture.<sup>10</sup>

Total length of the report should be between 30-50 single-spaced pages plus appendices (methodology, systematic descriptive mapping of the body of knowledge, references, etc.). Any publications or presentations stemming from this work must acknowledge NBS:SA. The report should be submitted in English in Microsoft Word formats.

The process will involve consultation with the Guidance Committee that is comprised of managers and an academic advisor. The research team will also be invited to dialogue with managers about their research, which will contribute to the validity of the findings.

## D. Project deliverables and proposed schedule

The following table includes tentative deadlines for each of the deliverables and other key activities. The final schedule may be refined through discussion with the selected research team.

| <b>Deliverables and Other Activities</b>   | <b>Tentative Deadlines<sup>11</sup></b> |
|--|---|
| 1. Define research question in a conference call with NBS:SA and Guidance Committee  | November 2013                           |
| 2. Develop and justify the review methodologies (general literature review and systematic review) and receive input from NBS:SA and academic advisor | December 2013                           |
| 3. Conduct literature search and apply eligibility criteria  | January 2014                            |
| 4. Conference call with NBS:SA and Guidance Committee  | January 2014                            |
| 5. Read, analyze and assess quality of studies in the review   | January - March 2014                    |
| 6. Submit brief written progress report and extracted data to  | April 2014                              |

<sup>9</sup> See *Guide to NBS Systematic Reviews* for details (<http://www.nbs.net/wp-content/uploads/Guide-to-NBS-Systematic-Reviews.pdf>)

<sup>10</sup> Available via <http://nbs.net/knowledge/topic-culture/culture/systematic-review>.

<sup>11</sup> May be negotiated with Guidance Committee and NBS:SA.

NBS:SA; conference call with NBS:SA and Guidance Committee.  
Second instalment of funds will be released based on adequate progress

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|--|-------------------------------|
| 7. Synthesize the review findings into a framework   | May 2014                      |
| 8. Conduct interviews with organisations to develop case studies, and conduct interviews with key informants (if and as appropriate) | May-June 2014                 |
| 9. Discuss the emerging framework in a conference call with NBS:SA and Guidance Committee  | June 2014                     |
| 10. Finalize synthesis, write report and submit first draft to NBS for review  | June-July 2014                |
| 11. Discuss report on conference call with NBS and Guidance Committee  | August 2014<br>September 2014 |
| 12. Participate in NBS:SA workshop to discuss findings with Leadership Council members and others                                    |                               |
| 13. Submit final report to NBS:SA  | September 2014                |

## F. Funding

The funding for this project is ZAR 250,000 (approx. USD 25,000) including taxes, in unrestricted funds to be granted in three stages contingent upon satisfactory progress determined by NBS:SA review. The funds will be distributed according to the following schedule: ZAR 100,000 upon acceptance of the project, ZAR 50,000 on submission of the first draft and ZAR100,000 upon successful completion. In addition, a travel supplement will be provided to cover travel and accommodation to one NBS:SA event in Johannesburg, South Africa, that the lead researcher will be expected to attend. (Note that some universities deduct “overhead” from all incoming funds; the research team is expected to budget for this as required.)

## G. Eligibility

Anyone is eligible to respond to this Call. Interested applicants should bear in mind that to conduct a systematic review successfully requires strong capabilities with and extensive experience in conducting and reviewing academic research.

NBS:SA and its Leadership Council emphasise the need for this research project to take into account the South African and southern African context. Applicants should demonstrate a keen knowledge of this context. We also want to encourage in particular international collaborative teams involving southern African researchers.

## H. Proposal requirements and criteria for evaluation

### Proposals

The project will be conducted in English. All proposals and project deliverables must be written in English and all oral communications throughout the project, including conference calls with the Guidance Committee, will be conducted in English.

Proposals must have one lead researcher, who is solely accountable for the deliverables and who is the main point of contact for the project. For training purposes, we encourage applicants to

involve graduate students in the project. The research team may also include research associates and other partners.

Proposals should be limited to the following sections:

1. **Impacts, Knowledge, and Activities** (no more than 1,500 words)
  - a. The envisioned impacts from the project. For example, who will be impacted by the knowledge? What will they do with it? Will you seek additional publishing opportunities arising from this work, and if so, where?
  - b. Details of the body of knowledge that you feel are relevant to the question and that you will synthesize. Applicants are encouraged to scope the existing literature briefly to inform their proposal content and scope.
  - c. A very rough, preliminary protocol for the project.<sup>12</sup> We encourage you to not merely repeat the process in these documents, but focus on the aspects unique to this project.
2. **Team Expertise** (no more than 500 words per researcher)

Description of the specific experience and expertise of each team member as it relates to this project. It is important to show that the research team has both the skills necessary to understand the academic research and those required to communicate knowledge effectively to practitioners.
3. **Curricula Vitae for all members of the research team**

### **Submission**

Proposals must be submitted in Microsoft Word format to Jess Schulschenk (jschulschenk@nbs.net) by 20 October 2013. Winning proposals will be announced within two weeks. Proposals may be made publicly available after the competition has closed.

### **Evaluation**

Proposals will be evaluated by the Guidance Committee comprised of selected members of the NBS:SA Leadership Council. This Committee will also help scope the project with the research team and guide it throughout the process.

The evaluation criteria are:

1. Understanding of the project question and knowledge of the relevant literatures.
2. Appropriateness of preliminary protocol.
3. Ability to read and evaluate peer-reviewed academic research as well as practitioner materials; experience with interviews.
4. Ability and plan to communicate to and impact practitioner audiences.
5. Team expertise and experience, including insights into the South African and southern African context.

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<sup>12</sup> See *Guide to NBS Systematic Reviews* for details on the systematic review (<http://www.nbs.net/wp-content/uploads/Guide-to-NBS-Systematic-Reviews.pdf>)